

Fixing Housing and Communal Services in Belarus: A New Minister is Not Enough

As of 17 November, the Ministry of Housing and Communal Services has a new head – Aliaksandr Cierachaŭ. However, this new appointment will unlikely fix the serious problems which the sector is facing.

Housing and communal services swallows up 8% of the Belarusian budget and remains a hotbed of corruption. Over the past half year, the police have identified more than 100 crimes in this sector.

The authorities want to reform the sector to make public utilities more effective. Yet, they are concentrating more on punishing corrupt officials and implementing patchwork fixes instead of reforming the entire system of housing and communal services.

A Little Known Hotbed of Trouble

On 17 November, [Aliaksandr Lukašenka](#) appointed a new minister of housing and communal services. Thirty-six-year-old Aliaksandr Cierachaŭ, former first deputy minister, will manage one of the most corrupt wings of the Belarusian state. On 14 May, [Aliaksandr Jakabson](#), an aide to the President, stated that 10% of the expenditures of the Ministry of Housing and Communal Services are criminal in nature.

The expenditures on housing and communal services remain enormous, running up a bill of about \$3.5 bn — the equivalent of 8% of the consolidated budget of Belarus. Even according to the official Belarusian Economy magazine, established by the Council of Ministers, "the Belarusian housing and public

utilities sector needs to be streamlined its management structure and performance standards like its man-hours and number of employees." In other words, the authors of the article are calling for firing people whose jobs are redundant.

Moreover, a chunk of the state's tax revenues has a tendency to disappear inside the ministry. Last month, Independent Belarusian television Belsat covered a low-level corruption scheme, exposing just one of many similar schemes. Residents of Slonim, a town in western Belarus, decided to privatise a housing building in which they had lived for a long time. However, the price they were asking for the building appeared grossly exaggerated by the local officials.

The building's residents learned that, according to the available documents, the government had spent \$60,000 on renovations for the building. The money they had used on the renovations, however, had mysteriously vanished, and the actual repairs done to the property were minimal.

Furthermore, local officials forged documents showing that the its residents refused to instal boilers and plumbing at the expense of the state. These facts would have remained unknown if the people had not appealed the decision with the police demanding to see all of the available documentation.

Currently, the police and the Committee of the State Security (KGB) are investigating the case. At the same time, the authorities intend to fine Belsat journalist Aleś Zalieŭski, who broke the story, for working without the required press accreditation.

A System That Promotes Corruption and Inefficiency

There are three main factors that make Belarus' housing and communal services system susceptible to corruption: its a state monopoly, the absence of public oversight over its expenditures, and chronic mismanagement.

The state remains a monopolist in the housing and communal services industry and serves 95% of all apartments in Belarus. This lack of competition leads to a lower quality services, overpricing and a lackluster performance by many municipal workers.

Andrej Tyčyna, a democratic activist from [Salihorsk](#), explained to Belarus Digest that the renovation of his apartment building's entrance — which required a the walls to be painted and replacing windows and a door — went on for six months.

The lack of public oversight over its expenditures only makes matters worse. This is partly due to the fact that Belarusians formally pay directly, according to Naviny.by web-site, 31% of the total cost of the housing and communal services. Taxes cover the rest. The recent piece by Belsat revealed that people may simply not know how much is officially being spent to repair their buildings.

Poor management, in this case, is a natural consequence of the state's monopoly in this sector, to say nothing of the lack of accountability or the absence of proper incentives. The higher the costs and needs of state monopolies, the more subsidies they receive from the budget. Therefore, local authorities often prefer to carry out long-term or ongoing repairs.

The Authorities Working on Reforms

This year housing and communal services became a priority for the government. In February 2014, Aliaksandr Lukašenka created a working group on the issue headed by Aliaksandr Jakabson.

From February to May the group held 30 meetings. In 2013-2014, law enforcement agencies identified more than 100 crimes in the sector. Officials from the Committee for State Control say more than half of the irregularities led to criminal cases being opened. This peak of interest may have something to do with the economic slowdown, so the authorities have no choice

but to combat corruption to stay afloat.

While it appears that the authorities are attempting to fix the system, they still prefer to struggle with the consequences, rather than fixing the root of the problem. On the one hand, the government wants to punish corrupt officials, cut expenses and jobs and get rid of bad assets.

Still housing agencies have to preserve detrimental properties that have nothing to do with communal services. For instance, the Ministry of Housing and Communal Services is currently keeping sunflower-seed frying operation afloat as its owner went bankrupt. Despite its unprofitable nature, the state still wants to keep it open.

Under the reforms being proposed currently, the state wants to clean up its finances in order to avoid cross-subsidies and to introduce superintendent jobs for housing throughout Belarus. This superintendent will be an electrician, locksmith, plumber, painter and carpenter – and responsible for several buildings. These steps by the government may seem rational, but the regime can do much more if it really wants to improve the situation.

The authorities should allow for more private service providers to work on the housing and communal services market. A public-private partnership, like the one between [German company Remondis](#) and Belarusian public enterprises, shows that sharing responsibilities with the private sector has its benefits. Together they created a [waste management](#) system in Minsk. Many EU countries forbid housing and communal services companies to engage in supplying gas, water, heat, and electricity all together in order to avoid one firm becoming a monopoly.

Moreover, the state can make the financial system more transparent. The government's belief that people should pay 100% of the total cost of the housing and communal services

actually makes sense if, in return, people receive high quality services for their money. Rather than prosecuting corrupt officials, it would be more efficient to deprive them of their opportunities to steal from the state coffers.

The EU Helps Belarusians Sort Their Waste

On 13 December, a new waste sorting station will start working in the town of Masty in the Hrodna region.

The European Union finances the project as a part of national programme for environmental protection in Belarus. Besides the waste management problem, the EU supports other environmental projects such as green energy and water purification.

The Belarusian government frequently applies for EU assistance and gladly accepts it. However, the official line does not allow it to publicly demonstrate its cooperation with the EU. Environmental protection serves as one of the areas where quiet cooperation between the EU and Belarus is successfully developing.

Waste management

Belarus generates around 30 million tonnes of waste annually, out of which household waste makes up 3 million tonnes. Each year, the volume grows by 20%. Existing waste recycling stations have the capacity to recycle only 12% of household waste, while in the EU the rate of waste recycling is around 60%.

The rest is dumped into landfills and/or buried. The existing

landfills in Belarus often do not satisfy the the basic standards in their way they carry out their operations or with regards to their location or their usage. These landfills pose a major threat to the environment in Belarus.

Although the government states that 85% of urban housing has access to separate waste systems, the population does not yet actively use it. As a result, the waste suitable for recycling makes up half of the total waste and ends up in landfills.



The absence of equipment for recycling various post-consumer waste constitutes another problem, as the state has no resources to invest in this area.

Several foreign investors have already established their business in this area in Belarus, such as the Swiss company TDF Ecotech AG, the Swedish company Vireo Energy, Austria's Strabag and the German company Remondis. However, they work only in several urban centres, while most towns, the those that are small or medium-sized, have no prospects for developing a sustainable waste management system.

The European Union appreciates the importance of waste management and developed a program called "Waste Governance" within the European Neighbourhood and Partnership Instrument. A portion of the €5m budget of the environmental cooperation program for 2010-2013 has been allocated to working on this issue and has implemented pilot projects in the Puchavičy district as well as in the towns of Masty and Kobryn.

The projects includes aligning Belarusian legislation with EU standards, raising public awareness of the problem, and a more practical component – buying special equipment and machines for sustainable waste management in these towns.

Green energy

Because of the enormous dependence of Belarusian industry and households on Russian oil and gas imports, the problem of alternative energy remains crucial for modernise Belarus. Although the Lukashenka regime enjoys cheap tariffs on Russian energy in comparison to its neighbours who are less loyal to Vladimir Putin, the prices consistently grow and it has become harder and harder to make deals with the Russians.

Afraid of becoming fully dependant, the regime seeks to develop alternative energy sources. In 2011, the government published its National Programme of Development of Local and Renewable Energy Resources.

The programme aims to develop all reasonable sources of energy for Belarus, from peat and wood to wind energy, geothermal energy and biogas. However, while extraction of peat is a [well-known to Belaruian industry](#) since Soviet times and does not require large investments, wind power still needs significant investment and takes much longer to become profitable.

Belarusian bureaucrats seek easier ways to implement the programme despite the clear difference in environmental impact that these two energy sources have. So far, progress in the building of wind turbines has been very modest. Moreover, foreign investors who work in this area face bureaucratic barriers in Belarus.



In 2012, the German company Enertrag AG signed a €360m

agreement with the government to build a wind farm of 50 turbines in the Dziaržynsk district near Minsk. But the Ministry of Defence banned the project on the grounds that the farm will interfere with work of its anti-aircraft systems. The offended Germans, who had invested quite a sum at that point, decided to pull out of all of the deals it had with the Belarusians.

Meanwhile, the European Union tries to persuade Belarusian government that the cost of production is not the only reason for developing alternative energy sources. Environmentally friendly technologies should be strategic priorities to keep the country clean for future generations.

In May 2013, Belarus and the EU signed a contract for the Green Economy project in Belarus worth €12m. The project will finance the construction of a wind turbine near Navahrudak and about twenty smaller green projects suggested by local authorities of various regions of Belarus.

River pollution and water management

Most of the rivers in Belarus are polluted with nitrogen and phosphorus compounds below or above the so-called "maximum allowable content", the value that shows the concentration of chemicals in water. The main reason for this phenomenon is sewage water that is being discharged from the urban centres of Belarus.

Although Belarus significantly reduced the use of water in industry since Soviet times, the sewage treatment facilities continue to use technology from the 1960s-1980s and cannot sufficiently clean the water to an acceptable level. Moreover, in some enterprises cleaning facilities are simply absent.



45% of rivers of Belarus make up a part of the Baltic Sea ecosystem, and their pollution directly impacts the countries that border the Baltic Sea.

As Maira Mora, the Head of Delegation of the EU to Belarus said, “It is impossible to separate air, water, nature. We live very close to each other. Therefore, we do not finance green economy projects in Belarus out of pure altruism. It covers our mutual interests.”

In March 2013, the Ministry of Housing and Communal Service received a total of €65m for the project to modernize the water-purification systems in five Belarusian cities. The European Bank for Reconstruction and Development, Nordic Investment Bank and Northern Dimension Environmental Partnership supported the project. Belarus received €21m as a grant, and the rest of the sum will be a loan on preferential terms.

[Andrej Šorac](#), the Minister of Housing and Communal service recently explained that, “the negotiations that preceded the agreement's signing took years.” The minister showed a good example of how the Belarusian authorities, especially institutions that directly implement public policies, are interested in cooperation with the EU.

Despite the unfriendly rhetoric on the highest level fuelled by Russian support, Belarusian bureaucrats realise that the state lacks the funds and expertise to tackle environmental problems. The projects described above present only a small segment of environmental projects, both national and regional, that the EU is implementing in Belarus.

The Belarusian government wastes huge sums of Russian subsidies for unearned, politically motivated wage hikes, while strategic approaches like sustainable development receive less attention at the top. However, the Belarusian authorities always welcome EU assistance in environment protection – it does not undermine the political regime and helps local people, thus making it a win-win situation for all parties involved.